



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION

WASHINGTON

May 2, 1996

DOCKET FILE COPY ORIGINAL

The Honorable Edward J. Markey
Ranking Minority Member
Subcommittee on Telecommunications and Finance
U.S. House of Representatives
2133 Rayburn House Office Building
Washington, D.C. 20515

RECEIVED

MAY 26 1996

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Dear Congressman Markey:

Thank you for your letter of April 10, 1996, regarding implementation of the universal service provisions of the Telecommunications Act of 1996. This Act ensures that all of our children will have an equal opportunity to share in the tremendous educational promise of current and emerging telecommunications technologies.

On April 12, 1996, we held a meeting of the Federal-State Joint Board on Universal Service. We were fortunate to have the Honorable Richard W. Riley, Secretary of Education, appear before us. Secretary Riley presented his views on the importance of educational technology to our country's economic future and urged that every effort be made to provide schools and libraries with free or reduced rate access to telecommunications services. We also heard from representatives of a coalition of education and library groups, who stressed the importance of telecommunications technology in improving the quality, efficiency and responsiveness of our Nation's educational system. In addition, Senator Olympia Snowe submitted written testimony in conjunction with the Joint Board meeting. Her testimony emphasizes that universal service provisions for schools and libraries should encompass a broad range of services and affordable access.

Your recommendations regarding the definition of core services, advanced services, and an education rate will be carefully considered by the Joint Board and a copy of your letter has been included in the record of the universal service proceeding (CC Docket No. 96-45).

Sincerely yours,

Reed E. Hundt
Chairman

No. of Copies rec'd _____
List ABCDE _____

2

EDWARD J. MARKEY
7TH DISTRICT, MASSACHUSETTS

COMMERCE COMMITTEE
RANKING MEMBER
SUBCOMMITTEE ON
TELECOMMUNICATIONS AND
FINANCE
RESOURCES COMMITTEE
COMMISSION ON SECURITY AND
COOPERATION IN EUROPE

Congress of the United States
House of Representatives
Washington, DC 20515-2107

2103 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-2107
(202) 225-2838

DISTRICT OFFICES:

5 HIGH STREET, SUITE 101
MEDFORD, MA 02155
(617) 398-2800

188 CONCORD STREET, SUITE 102
FRAMINGHAM, MA 01701
(603) 875-2800

April 10, 1996

The Honorable Reed Hundt
Chairman, Federal Communications Commission
1919 M Street, N.W.
Washington, D.C.

Dear Mr. Chairman:

I am writing with respect to implementation of the universal service provisions of the Telecommunications Act of 1996. In particular, I want to comment on Section 254(h) of the Act which provides for special universal service funding mechanisms to ensure access to telecommunications services for schools, libraries and hospitals.

As you may know, establishing "learning links" to America's schools has long been a priority of mine. Section 254(h) was preceded by legislation I authored in the 103d Congress (H.R. 3636) and which was approved overwhelmingly by the House of Representatives in June of 1994. That legislation established "preferential rates" for K-12 schools, libraries, and non-profit hospitals. The recently-signed Telecommunications Act contains provisions granting "discounted rates" for such entities and allows the amount of such markdown to count toward telecommunications carriers' universal service obligations.

The policies that gave people universally available, affordable phone service provide the model for our modern telecommunications network. In hindsight, it is now apparent that this wasn't simply good social policy -- it was good economic policy as well. America cannot leave the bottom 20 to 30 percent of its population out of the "knowledge-based" economy and still hope to retain its economic standing in a fiercely competitive global environment.

I know you share my concern about the possibility that we will develop into a society of information "haves" and information "have-nots." Indeed, a recent Department of Education survey indicated that students from households with incomes above \$75,000 per year are seven times as likely to have a home computer as those from households earning less than \$20,000. As I mentioned to you and the other Commissioners at the Subcommittee's FCC oversight hearing on March 27th, there is perhaps no provision of the Telecommunications Act that can so mitigate against a growing "digital divide" in our country.

CCB
TELE ACT96
PV
REX
1809

The Honorable Reed Hundt
April 10, 1996
Page 2

With this in mind, I am making three recommendations to the Commission and members of the Federal-State Joint Board on universal service:

- 1) Define a group of basic, core services available to all schools and libraries in the country;
- 2) Identify advanced services that such entities may avail themselves of the opportunity to receive at discounted rates; and,
- 3) Establish an education rate, or "E-rate", for both the core and advanced services.

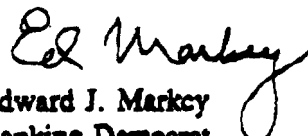
In order to ensure that "learning links" truly become a universal service, I believe the "E-rate" should be free for core, basic telecommunications services. I want to emphasize that I am not talking about free phone service for the principal's office, but rather the provision of core telecommunications services to the classroom for student use.

We must recognize that even with a free "E-rate" for core services, many schools will struggle to purchase or obtain needed software and hardware for the classroom. In addition, teacher training and other costs will also retard the ability of many schools to integrate high technology into the classroom experience. For these reasons I believe that only by making the "E-rate" for core services free can we hope to put this technology within reach of all of America's schools and libraries.

The "E-rate" for advanced services should ensure affordability of such services. This "E-rate" should be set in a manner that keeps advances in telecommunications technologies within reach of school districts and libraries. In this way, as technology evolves so will its universal provision to schools and libraries over time.

I thank you for the opportunity to comment on the implementation of Section 254(h) and commend you for making links to schools a high priority of your tenure as chairman of the Commission. I look forward to discussing this issue with you and your colleagues in the future.

Sincerely,



Edward J. Markcy
Ranking Democrat
Subcommittee on Telecommunications
and Finance

EJM/cc
CC: Commissioner Quello
Commissioner Ness
Commissioner Chong